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Sixth special session

SUMMARY RECORD OF THE 2nd MEETING

Held at the Vienna International Centre, Vienna,
on Thursday, 7 December 1995, at 3 p.m.

President: Mrs. OK (Turkey)

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The meeting was called to order at 5.20 p.m.

SPECIAL FINANCIAL ARRANGEMENTS RELATING TO VOLUNTARY SEPARATIONS OF FIXED-TERM STAFF *(continued)* (GC.6/32)

1. **The PRESIDENT** drew the Board's attention to the following draft decision submitted by the European Union, Japan and the Russian Federation and circulated without a symbol:

> "The Industrial Development Board recommends to the General Conference that it decide:
>
> "(a) To take note of the information provided in chapter IV of document GC.6/32;
>
> "(b) To request the Director-General that, in paying separation indemnities, he shall be governed by the relevant staff regulations and rules;
>
> "(c) To approve, as a special measure in view of the circumstances and without constituting a precedent, the financial arrangements relating to voluntary separation of staff which may include the special arrangements to holders of fixed-term appointments to be financed from the separation indemnity reserve;
>
> "(d) To request the Director-General that these measures referred to in paragraph (c) be implemented on a case-by-case basis and be guided by:
>
> - Cost-effectiveness
> - Relevant observations and recommendations contained in the report of the External Auditor (IDB.13/7);
>
> "(e) To request the Director-General to report to the Industrial Development Board at its fifteenth session on the implementation of the scheme of separation of personnel."

2. *The draft decision was adopted.*

3. **Mr. SÖLENDIL** (Turkey) asked for his delegation's name to be added to the list of sponsors of the draft decision.

4. **Mr. BENATTALLAH** (Algeria) complained that the text of the draft decision had not been introduced by the sponsoring delegations and that the members of the Board had not been given details of the consultations that had taken place on the subject. His own delegation had some comments to make.

5. **The PRESIDENT** said that she would welcome comments on the draft decision.

6. **Mr. BENMOUSSA** (Observer for Morocco) said that it would be unpardonable if the General Conference did not take a stand on the question of non-voluntary separation, an issue even more serious than that of voluntary separation and one for which criteria must be set. His delegation had therefore prepared and circulated a draft decision, for recommendation to the General Conference, proposing the establishment of a representative consultative panel, to be guided by specified criteria, which would act as a buffer between the Director-General and the staff in order to consider cases of non-voluntary separation and advise the Director-General on how to deal with them. As a developing country Morocco believed that the principle of equitable geographical distribution should be observed in the matter of non-voluntary separation. Moreover, a non-voluntary separation that was not accepted might result in litigation and hence expense for the Organization. He requested the President to allow time for discussion of his text.

7. **Mr. BENATTALLAH** (Algeria) supported that request.

8. **Mr. CARRIER** (President, UNIDO Staff Council) said that the staff of UNIDO had served the Organization well. Their departure should be in keeping with their recruitment — specially adapted to the status of an international civil servant. It was only fair that the effects of a sudden upheaval in their lives should be mitigated and that persons who had looked forward to serving the developing countries to the best of their abilities should not have to face financial difficulties. To avoid creating the impression that staff could be discarded at will, the Board might wish to consider the social aspects of its decision and provide an appropriate and equitable financial package for separated staff. There should be no haggling over supplementary indemnities, and separations should be made as gentle as possible so that UNIDO need not fear recrimination or dispute. The collective conscience should be clear and provision should be made for the demands of life outside UNIDO, as well as for funding or training within the new UNIDO. Dignity and decency should be the keynotes and their price was far from high.

9. **Mr. HAQUE** (Pakistan) drew attention to two editorial changes which he believed should be made in

the draft decision which the Board had just adopted: the substitution of the words "arrangements for holders" for the words "arrangements to holders" in paragraph (c) and of the word "the" for "these" in subparagraph (d).

10. He noted that the draft decision contained no ceiling for the additional compensation to be paid under the special arrangements. Whether that was a voluntary omission or an oversight, without such a ceiling compensation might prove expensive for the Organization.

11. **The PRESIDENT** said that the editorial amendments had been noted. With regard to the ceiling on payments to fixed-term staff, she understood that the Financial Rules covered that point already.

12. **Mr. MBEGABOLAWE** (Zimbabwe) said that his delegation had not been consulted on the text of the draft decision but would join the consensus on it. He drew attention to the fact that the scheduling of concurrent meetings made it difficult for small delegations to attend more than one meeting at a time.

13. **Mr. BENATTALLAH** (Algeria) observed that the case-by-case provision in paragraph (d) introduced an element of discrimination by giving the Secretariat discretion in the implementation of the special arrangements. A more general provision would have been fairer. Moreover, his delegation believed that equitable geographical distribution should have been among the criteria specified for the implementation process.

14. **Mr. DE MARIA Y CAMPOS** (Director-General) said that he would have preferred the draft decision not to contain the case-by-case provision. Because of issues such as pension rights, all requests for voluntary separation would have to be considered individually as a matter of course.

15. **Mr. BENMOUSSA** (Observer for Morocco) drew attention to the Director-General's report (GC.6/32), paragraph 12 of which stated that: "Separation of staff will be implemented in two phases. The first phase will consist of a voluntary separation programme and the second of non-voluntary separations." However, in his statement at the 1st meeting of the sixth session of the General Conference, the Director-General had said that non-voluntary separations would start in 1996 (GC.6/SR.1, para. 55). The greatest cause of concern lay not in the criteria for voluntary separation but in those for non-voluntary separation, although he agreed with the representative of Algeria that the criterion of equitable geographical distribution should have been mentioned in the draft decision just adopted. He was glad to learn of the existence of the joint advisory group in regard to non-voluntary separations, which probably corresponded to the representative consultative panel he had mentioned earlier. Nevertheless, it was the responsibility of the General Conference to ensure that non-voluntary departures did not involve costly litigation for the Organization and to give its official blessing to the steps already taken by the Director-General.

16. **Mr. INOMATA** (Japan) said that the Moroccan idea merited attention. However, non-voluntary separation was a much more complex issue than voluntary separation and delegations needed to receive technical inputs from the Secretariat and to examine the existing separation machinery and the relevant financial regulations before taking the matter up.

17. **The PRESIDENT** thanked the observer for Morocco for drawing the Board's attention to his proposed recommendation on non-voluntary separations. She suggested that, since he was not a member of the Board, he should formally present his proposal later in the day to the Main Committee of the General Conference.

18. *It was so agreed.*

19. **Mr. DE MARIA Y CAMPOS** (Director-General) said that the concern about non-voluntary separation was understandable. Previous experience of staff reduction had taught him how painful and complicated a process it was. In the case of voluntary separations he had requested the Board's guidance and support since such separations were exceptional and were not covered by the Staff Regulations and Rules. In the case of non-voluntary separations, however, he had not called for assistance since he was bound by those instruments. In that connection, the Secretariat had already established a joint advisory group for human resources planning with the participation of the staff, which was working well. The group considered criteria such as existing skills, the possibility of relocating personnel within UNIDO, geographical and gender distribution, the assessment of ability on the basis of performance evaluations and various other elements. It was a long and complex procedure that formed part of a Director-General's duties. Naturally he would appreciate guidance, but he hoped that the Board would avoid becoming involved in micromanagement that might prevent him from taking the rapid decisions that would eventually be required. He undertook to keep all Member States fully informed of the progress and results of the exercise.

20. **Mr. DE YTURRIAGA** (Spain) thanked the observer for Morocco for raising the question of non-voluntary separations, which demonstrated his interest in finding a solution to the problem of staff reductions. However, the matter was already addressed in the draft decision just adopted by the Board, which covered both

voluntary and non-voluntary separations as described in paragraph 12 of the Director-General's report (GC.6/32). As the Director-General had pointed out, the general rule was already laid down in the Staff Regulations and Rules, which were referred to in paragraph (b) of the draft decision. Those instruments had to be complied with. The only exception that was being proposed, as a result of present extraordinary circumstances, related to voluntary separations, where staff members agreed to cooperate with the management in order to avoid the need for involuntary separations. In the case of voluntary separation of a staff member holding a permanent appointment, the rules provided for an indemnity payment increased by up to 50 per cent. Under paragraph (c) the draft decision offered, as a special measure, the same advantage to holders of fixed-term appointments. In no case, however, would they receive more than the additional amount offered to holders of permanent appointments. A further factor to be taken into account related to the number of years served: it had been felt that holders of fixed-term appointments who had served the Organization longer than holders of permanent appointments should not be disadvantaged on that account. Accordingly, additional benefits would be available to them on the basis of their length of service. It would thus be seen that the draft decision covered all eventualities. Moreover, under no circumstances could a consultative body make recommendations regarding non-voluntary separations that ran counter to the Staff Regulations and Rules. While he did not oppose discussion of the Moroccan idea in the Main Committee, he believed that it was unnecessary.

21. **Mr. BOJER** (Observer for Denmark) welcomed the Director-General's readiness to handle the process of staff reduction in accordance with his general authority and the responsibility entrusted to him for the overall management of the Organization. He further welcomed the promise to keep Member States informed of the results of the process, something which could be done in the context of reporting on the progress of reform. The information should cover non-voluntary separations and should be transmitted to all missions, and not just those whose nationals were affected.

22. **Mr. MAYRHOFER-GRÜNBÜHEL** (Austria) endorsed those remarks.

23. **Ms. BATACLAN** (Philippines) expressed her satisfaction at the adoption of the draft decision, a step which responded to the request in paragraph 14 of the Director-General's report (GC.6/32). She also thanked the observer for Morocco for his proposal. Since it was to be taken up in the Main Committee of the General Conference, she reminded delegations that the Committee had already approved a draft resolution for submission to the plenary of the Conference on the UNIDO policy framework—organizational and staff structure, which laid down the foundations for restructuring. She felt sure that the ideas put forward by Member States and the proposal of Morocco would be helpful to the Director-General in his work.

24. **Mr. BENMOUSSA** (Observer for Morocco) said that he felt some concern over the statement made by the representative of Spain. The draft decision that had been adopted reflected a consensus on voluntary separations, leaving the question of non-voluntary separations open. It was a matter of the highest importance, requiring the attention of the General Conference, since it affected the entire staff. As such, it involved issues of macromanagement rather than micromanagement. In a situation in which a small number of countries contributed 70 per cent of total resources, the problem of equitable geographical distribution was bound to arise. All countries, and not just his own, had a legitimate interest in a question relating directly to Article 11 of the Constitution.

25. **Mr. INOMATA** (Japan) said that, if the Main Committee were to consider the Moroccan proposal, it would in particular require information regarding the internal mechanism set up to deal with contentious issues. As he understood it, the purpose of the Moroccan proposal was to reduce the possibility of appeal to the Administrative Tribunal. Consequently, representatives would need to know how well the internal mechanism was working and, in making any assessment of it, would have to take care not to stray into the area of micromanagement. He requested the Secretariat to be prepared to answer detailed questions on the subject in the Main Committee.

ADOPTION OF THE REPORT

26. **The PRESIDENT** suggested that the Rapporteur and his Friends be entrusted with the task of preparing and finalizing the Board's report.

27. *It was so decided.*

CLOSURE OF THE SESSION

28. **Mr. DE MARIA Y CAMPOS** (Director-General) thanked all Board members for their cooperation in adopting the decisions submitted to it. The patient discussion of the agenda items had been most valuable and had helped to foster a better understanding of the complex issues involved in the withdrawal of a Member State, in particular the question of staff reductions. He would do his utmost to provide the necessary information at the imminent meeting of the Main Committee. There could be no doubt that a high degree of determination and innovation would be required in the

future. He was strongly committed to such an approach and felt sure that the reform process now being implemented would lead to even better personnel administration and hence to a renewed effort to attain UNIDO's goals.

29. **Mr. DE YTURRIAGA** (Spain), speaking on behalf of the countries of the European Union, expressed his gratitude to the Director-General and the Secretariat for the rapid production at the last minute of the documentation which had enabled the Board to take its decisions. If criticism of the Organization had been voiced, it had always been constructive and designed to guide UNIDO along the right path. Severe demands had been made of the Secretariat in the knowledge that it could be trusted to meet them. He thanked his colleagues for their efforts and expressed gratification that a formula had ultimately been found to cope with what could only be described as an abnormal situation.

30. **Mr. BLODGETT** (United States of America) expressed his appreciation to the President and the Secretariat for their work. His delegation was not unaware that much extra work had resulted from the United States announcement of its withdrawal from the Organization. It was aware of its responsibilities in that regard and wished to express its admiration for the way in which adjustment to the new situation had taken place.

31. **The PRESIDENT** declared the sixth special session of the Industrial Development Board closed.

The meeting rose at 6.20 p.m.